

Message Text

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TAGS: OVIP, KS

SUBJECT: SEVENTH MINISTERIAL MEETING - SECRETARY
RICHARDSON'S STATEMENT FOR OPENING SESSION

REF: SEOUL 3692

FOLLOWING IS TEXT OF SECRETARY RICHARDSON'S OPENING
STATEMENT FOR THE SEVENTH UNITED STATES-KOREA COMMERCE
MINISTERS MEETING.

BEGIN TEXT. MR. MINISTER: PRIOR TO MY DEPARTURE FOR
SEOUL, AS I REVIEWED THE INFORMATION AVAILABLE ON THE
REPUBLIC OF KOREA, I WAS INCREASINGLY IMPRESSED WITH YOUR
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COUNTRY'S ECONOMIC ACHIEVEMENTS. NOW, LISTENING TO YOUR
PRESENTATION, I AM PARTICULARLY STRUCK BY THE DEPTH AND
SCOPE OF THOSE ACHIEVEMENTS.

INDEED, I CAN BETTER APPRECIATE WHY SOME OBSERVERS NO LONGER INCLUDE KOREA IN THE TRADITIONAL DESIGNATION OF LESS DEVELOPED COUNTRIES. AS YOU MAY KNOW, EARLIER THIS MONTH MR. HERMAN KAHN'S HUDSON INSTITUTE RELEASED A BOOK TITLED "THE NEXT 200 YEARS--A SCENARIO FOR AMERICA AND THE WORLD." IN THIS STUDY, MR. KAHN AND HIS ASSOCIATES DIVIDE TODAY'S WORLD INTO FOUR GROUPS OF COUNTRIES--THE DEVELOPED NATIONS, COMMUNIST ASIAN COUNTRIES, UNDER-DEVELOPED NATIONS, AND "COPING" NATIONS. WITHIN A DECADE,

MR. KAHN PREDICTS, THE "COPING" NATIONS, WHICH ARE ON THE VERGE OF ECONOMIC WELL-BEING, WILL MOVE UPWARD ON THE SCALE, THUS CREATING GROWTH OPPORTUNITIES FOR THE UNDERDEVELOPED COUNTRIES.

I AM SURE IT IS NO SURPRISE TO YOU, MR. MINISTER, THAT KOREA IS PLACED WITHIN THE RANKS OF THE "COPING" NATIONS. AND OVER THE NEXT FE' DAYS I WILL PERSONALLY HAVE THE OPPORTUNITY TO SEE WHY THIS IS SO.

AS FOR THE UNITED STATES, WE TOO--IH PERHAPS DIFFERENT WAYS--HAVE BEEN COPING WITH ECONOMIC PROBLEMS. FORTUNATELY, IN RECENT MONTHS OUR POLICIES HAVE RESULTED IN PROGRESSIVE RECOVERY, AND MOST OF THE PRESENT INDICATORS ARE ENCOURAGING.

GROWTH IN REAL GNP ACCELERATED FROM AN ANNUAL RATE OF 5 PERCENT IN THE FOURTH QUARTER OF 1975 TO 7.5 PERCENT IN THE FIRST QUARTER OF THIS YEAR. THIS GAIN IN OUTPUT WAS WELL ABOVE OUR JANUARY PROJECTION, AND WAS SOMEWHAT MORE THAN WE HAD EXPECTED LESS THAN TWO MONTHS AGO. IT IS LIKELY THAT OUR FORECAST FOR THE FULL YEAR WILL BE REVISED UPWARD--POSSIBLY TO THE 6 1/2 TO 7 PERCENT RANGE. THIS IMPLIES THAT GROWTH IN REAL GNP WILL SUBSIDE SOMEWHAT FROM THE FIRST QUARTER RATE. BUT THIS WOULD NOT BE UNDESIRABLE, SINCE REAL GROWTH OF 7.5 PERCENT OR MORE FOR AN EXTENDED PERIOD WOULD CREATE UNCLASSIFIED

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PROBLEMS IN THE AREA OF CAPACITY UTILIZATION AND AVAILABILITY OF MATERIALS, AND THEREBY AGGRAVATE INFLATION.

WITH RESPECT TO THE EMPLOYMENT SITUATION, THE UNEMPLOYMENT RATE--AT 7.5 PERCENT--REMAINED UNCHANGED IN APRIL, WHILE CIVILIAN EMPLOYMENT AND THE LABOR FORCE INCREASED SHARPLY. THE TOTAL EMPLOYMENT INCREASE WAS 710,000, PUSHING THE EMPLOYMENT LEVEL TO A NEW HIGH OF 87.4 MILLION. IN ABSOLUTE TERMS UNEMPLOYMENT REMAINS AT 7.0 MILLION, THE LEVEL OF RECENT MONTHS, BUT THIS REPRESENTS AN 11 PERCENT REDUCTION FROM A YEAR AGO.

FOR KOREA, OF COURSE, ALL THIS SHOULD MEAN A RESUMPTION OF THE STEADY INCREASE IN SALES OF KOREAN PRODUCTS IN THE UNITED STATES WHICH, WITH THE EXCEPTION OF LAST YEAR, HAS BEEN THE PATTERN FOR MORE THAN A DECADE. IN FACT, OUR BUREAU OF THE CENSUS FIGURES INDICATE THAT IN THE FIRST QUARTER OF THIS YEAR, U.S. IMPORTS FROM KOREA THE FIRST QUARTER OF THIS YEAR, U.S. IMPORTS FROM KOREA ROSE BY NEARLY THREE-FIFTHS OVER THE CORRESPONDING ROSE BY NEARLY THREE-FIFTHS OVER THE CORRESPONDING QUARTER OF 1975.

I FIND IT REMARKABLE THAT FROM 1967--THE INITIAL YEAR OF THESE MINISTERIAL MEETINGS--THROUGH 1974, U.S. PURCHASES FROM KOREA HAVE EXPANDED MORE THAN TWELVEFOLD, WHILE OUR SALES TO KOREA REGISTERED A NEARLY FOURFOLD INCREASE. AND BECAUSE KOREA WEATHERED THE WORLDWIDE ECONOMIC RECESSION SO WELL, LAST YEAR OUR EXPORTS TO KOREA CONTINUED TO RISE, ALTHOUGH THEY HAVE FALLEN OFF IN THE EARLY MONTHS OF 1976.

THE SIGNIFICANT POINT, MR. MINISTER, IS THAT OUR COMMERCIAL RELATIONS--REFLECTING OVER THREE BILLION DOLLARS IN TWO-WAY TRADE--ARE INCREASINGLY IMPORTANT TO BOTH OUR COUNTRIES. FOR THE UNITED STATES, KOREA REPRESENTS OUR SECOND LARGEST MARKET IN ASIA, AND AMONG THE NON-OIL EXPORTING DEVELOPING COUNTRIES (IF I MAY REVERT TO THAT TRADITIONAL PHRASE), IS OUR THIRD-RANKING MARKET. FOR KOREA, THE UNITED STATES CONTINUES TO BE ITS UNCLASSIFIED

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LARGEST FOREIGN CUSTOMER, BUT WE WELCOME YOUR SUCCESSFUL EFFORTS DIRECTED AT DIVERSIFYING KOREA'S EXPORT MARKETS.

I WISH TO EXPRESS OUR APPRECIATION FOR THE RECEPTIVITY OF THE KOREAN MARKET AND, IN PARTICULAR, FOR THE SUPPORT WHICH THE KOREAN GOVERNMENT HAS GIVEN TO THE UNITED STATES TRADE CENTER HERE IN SEOUL. I AM CONFIDENT, FROM WHAT I KNOW, THAT THIS ESSENTIAL SUPPORT WILL CONTINUE FOR AN OPERATION WHICH HAS BEEN MOST EFFECTIVE IN INTRODUCING TO KOREA MACHINERY AND EQUIPMENT TO MEET YOUR COUNTRY'S DEVELOPMENT NEEDS.

AS RECEPTIVE AS THE KOREAN MARKET GENERALLY IS, HOWEVER, U.S. EXPORTERS DO FIND THAT YOUR GOVERNMENT'S COMPLEX SYSTEM OF IMPORT CONTROLS PRESENTS A VARIETY OF OBSTACLES--INCLUDING THE SHEER COMPLEXITY OF THE RULES THEMSELVES, THE DIFFICULTY OF OBTAINING NECESSARY INFORMATION REGARDING THESE RULES, THE CERTIFICATION PROCEDURE FOR CERTAIN MACHINERY ITEMS, PROBLEMS OF STOCKING REPLACEMENT AND SERVICE PARTS, AND LOCAL-CONTENT REQUIREMENTS FOR DOMESTICALLY CONSUMED MANUFACTURES. THE MERE LISTING OF SOME OF THESE OBSTACLES, I THINK,

INDICAT-S THE APPROPRIATENESS OF KOREA'S SIMPLIFYING AND RELAXING ITS DIRECT IMPORT CONTROLS. WE FEEL THAT KOREA'S DEVELOPMENTAL EFFORTS WOULD BE BETTER SERVED BY TRANSFERRING THE BURDEN OF MANAGEMENT OF IMPORTS FROM NON-TARIFF MEASURES TO A MORE RATIONAL TARIFF SYSTEM, AND BY REFRAINING FROM SIGNIFICANT IMPORT SUBSTITUTION BECAUSE OF THE INEFFICIENCIES INHERENT IN SUCH AN

APPROACH.

AT THE SAME TIME, MR. MINISTER, I RECOGNIZE YOUR COUNTRY'S CONCERN AT POSSIBLE RESTRICTIVE ACTIONS ON THE PART OF MY OWN GOVERNMENT. BUT I BELIEVE--LIKE YOU--THAT PRESIDENT FORD'S ACTIONS JUST LAST MONTH REGARDING TWO PRODUCTS OF SPECIAL INTEREST TO KOREA--STAINLESS STEEL FLATWARE AND NON-RUBBER FOOTWEAR--UNDERLINE THE U.S. COMMITMENT REAFFIRMED BY THE PRESIDENT IN HIS RECENT INTERNATIONAL ECONOMIC REPORT UNCLASSIFIED

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TO THE CONGRESS: "THE UNITED STATES WILL CONTINUE TO PROVIDE STRONG SUPPORT AND LEADERSHIP TO THE EFFORT TO REDUCE TRADE BARRIERS AND OTHERWISE IMPROVE THE WORLD TRADE SYSTEM." AND I WILL BE MOST PLEASED TO CONVEY TO HIM THE APPRECIATION WHICH YOU HAVE EXPRESSED HERE TODAY.

IN THIS REGARD, KOREA COULD BENEFIT SUBSTANTIALLY FROM THE TROPICAL PRODUCTS SEGMENT OF THE MULTILATERAL TRADE NEGOTIATIONS NOW UNDERWAY. WITHIN THE NEXT MONTH, WE WILL BE REQUESTING CONSULTATIONS WITH YOUR MTN DELEGATION IN GENEVA TO DISCUSS THE U.S. OFFERS OF INTEREST TO KOREAN EXPORTERS AS WELL AS OUR REQUESTS FOR SPECIFIC CONTRIBUTIONS TO FACILITATING WORLD TRADE IN RETURN. I URGE THAT YOUR GOVERNMENT GIVE OUR REQUESTS EARLY AND SERIOUS CONSIDERATION, SO THAT A SUITABLE EXCHANGE OF MUTUALLY-BENEFICIAL CONCESSIONS CAN BE NEGOTIATED.

TRADE AND INVESTMENT, OF COURSE, ARE CLOSELY RELATED, AND THE VISIT HERE IN MARCH OF THE UNITED STATES-KOREA ECONOMIC COUNCIL MISSION DEMONSTRATES THAT AMERICAN INVESTMENT INTEREST IN KOREA REMAINS HIGH. THIS VISIT FOLLOWED THE SHARP INCREASE IN KOREAN GOVERNMENT APPROVALS OF U.S. INVESTMENT APPLICATIONS LAST YEAR, WHICH REFLECTS BOTH THE GENERALLY FAVORABLE INVESTMENT CLIMATE IN KOREA AND YOUR COUNTRY'S CLEAR RECOGNITION OF THE UNIQUE CONTRIBUTION THAT PRIVATE FOREIGN INVESTMENT CAN MAKE TO YOUR ONGOING DEVELOPMENTAL EFFORTS. AS YOU HAVE NOTED, MR. MINISTER, SUCH INVESTMENT WILL CONTINUE TO BE NEEDED TO HELP IMPLEMENT YOUR GOVERNMENT'S FOURTH FIVE-YEAR ECONOMIC DEVELOPMENT

PLAN. I AM SURE THAT THE COOPERATION OF OUR NATIONAL BUREAU OF STANDARDS WITH THE KOREA STANDARDS RESEARCH INSTITUTE WILL ALSO BE OF ASSISTANCE IN THIS AREA.

THE LICENSING OF FOREIGN TECHNOLOGY, HOWEVER, ALSO HAS AN IMPORTANT ROLE TO PLAY, AND WE THEREFORE QUESTION THE DESIRABILITY OF THE RESTRICTIVE ATTITUDE WHICH THE KOREAN GOVERNMENT SOMETIMES TAKES TOWARD LICENSING

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AGREEMENTS AND THE ASSOCIATED MATTER OF FOREIGN TRADE-MARKS. AT A TIME WHEN KOREA HAS BEEN UNOFFICIALLY DESIGNATED AS A "COPING" COUNTRY, AND AT A TIME WHEN KOREA IS CONTEMPLATING CHANGES IN ITS INVESTMENT LEGISLATION, IT WOULD BE ESPECIALLY APPROPRIATE BOTH TO RELAX THE LICENSING CRITERIA AND TO MOVE FORWARD IN OTHER LONG-STANDING PROBLEM AREAS.

I HAVE IN MIND THE REQUESTS FOR ENLARGED OPERATIONS FOR U.S. INSURANCE COMPANIES, AND FOR KOREA'S ADHERENCE TO THE INTERNATIONAL CONVENTIONS COVERING COPYRIGHTS AND INDUSTRIAL PROPERTY RIGHTS. THESE ARE AREAS WHICH WE FEEL, NOW MORE THAN EVER, REQUIRE YOUR GOVERNMENT'S PROMPT ATTENTION AND ACTION SINCE THEY COULD SIGNIFICANTLY IMPROVE THE FOREIGN INVESTMENT ENVIRONMENT.

FINALLY, I WISH TO NOTE TWO TOPICS WHICH WILL LATER BE DISCUSSED AT GREATER LENGTH--ONE OF PARTICULAR INTEREST TO US, AND ONE OF PARTICULAR IMPORTANCE TO KOREA.

THE FIRST RELATES TO AMERICAN MOTION PICTURES. U.S. FILM COMPANIES ARE NOT ALLOWED TO IMPORT FILMS DIRECTLY INTO KOREA, NOR TO OPERATE OFFICES FOR DISTRIBUTING THEIR FILMS TO KOREAN THEATERS. AND WE UNDERSTAND THAT KOREA IS ONE OF ONLY THREE NON-COMMUNIST COUNTRIES WHICH STILL IMPOSE QUOTAS ON AMERICAN FEATURE FILMS, WITH THE KOREAN QUOTA BEING FAR LESS THAN THAT OF THE OTHERS. PLEASE CONVEY TO THE MINISTER OF CULTURE AND PUBLIC INFORMATION MY STRONG HOPE THAT HE WILL RECTIFY THIS INEQUITABLE SITUATION WHICH, TO US, DOES NOT APPEAR JUSTIFIED AND HAS BEEN AN UNFORTUNATE IRRITANT IN OUR TRADE RELATIONS.

THE SECOND TOPIC RELATES TO THE U.S. FISHERY CONSERVATION AND MANAGEMENT ACT OF 1976. I WANT TO ASSURE YOUR GOVERNMENT, MR. MINISTER, THAT THE DEPARTMENTS OF STATE AND OF COMMERCE ARE BOTH AWARE OF THE PROBLEMS WHICH THIS LEGISLATION PRESENTS FOR KOREA, AND WE ARE SYMPATHETIC TO THE IMPORTANCE WHICH YOU PLACE ON THIS ISSUE. KNOWING THAT, I AM CONFIDENT

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THAT EVERY POSSIBLE EFFORT WILL BE MADE TO RESOLVE
THESE DIFFICULTIES DURING THE DISCUSSIONS TO BE HELD
BETWEEN FISHERY SPECIALISTS OF OUR RESPECTIVE
GOVERNMENTS.

MR. MINISTER, AS IS NORMAL DURING AN EXCHANGE OF VIEWS
OF THIS NATURE, WE HAVE HIGHLIGHTED THOSE FEW PROBLEMS
OF SPECIAL INTEREST TO EACH SIDE. BUT I AM ACUTELY
AWARE, AS ARE YOU, THAT THE COMMERCIAL RELATIONSHIP
BETWEEN THE REPUBLIC OF KOREA AND THE UNITED STATES HAS
BECOME INCREASINGLY CLOSE AND MUTUALLY REINFORCING IN
RECENT YEARS. IT IS MY PERSONAL DESIRE--AND MY
EXPECTATION--THAT THIS SEVENTH MINISTERIAL MEETING WILL
SERVE TO FURTHER STRENGTHEN THAT RELATIONSHIP. END
TEXT. ROBINSON

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